

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>CONSUMERS ENERGY COMPANY</b>	)	
for approval of a refund related to self-implementation	)	Case No. U-18136
of natural gas distribution rates beginning	)	
January 14, 2016 and ending April 21, 2016.	)	
_____	)	

At the November 22, 2016 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman  
Hon. Norman J. Saari, Commissioner  
Hon. Rachael A. Eubanks, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On July 17, 2015, Consumers Energy Company (Consumers) filed an application in Case No. U-17882 seeking authority to increase its rates and charges for the distribution of natural gas. On December 9, 2015, pursuant to MCL 460.6a(1), Consumers filed testimony indicating that the company intended to self-implement a rate increase designed to increase revenues in the annual amount of \$60 million on and after January 14, 2016. The company proceeded with its self-implemented gas rates on January 14, 2016.

In its April 21, 2016 order in Case No. U-17882 (April 21 order), the Commission authorized Consumers to, among other things, increase its rates and charges for the distribution of natural gas by \$40 million on an annual basis. The rates designed to produce this increase went into effect for

service rendered on and after April 22, 2016. In the April 21 order, the Commission directed Consumers to file a self-implementation reconciliation application on or before July 21, 2016.

On July 21, 2016, Consumers filed an application, with supporting testimony and exhibits, requesting approval to issue refunds pursuant to MCL 460.6a(1) of amounts collected during the company's self-implementation of gas rates implemented from January 14, 2016 through April 21, 2016 in Case No. U-17882.

A prehearing conference was held on October 19, 2016 before Administrative Law Judge Mark D. Eyster. Consumers and the Commission Staff (Staff) participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in this case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that Consumers collected total revenues during the self-implementation period from January 14, 2016 to April 21, 2016 that exceeded the total revenues that would have been produced by the rates ordered in the April 21 order by \$9,577,000. The parties also agree that Consumers is required to pay interest on the overcollection at a rate equal to 5% plus the applicable London Interbank Offered Rate, which the parties agree to be \$559,000 if refunded during the March 2017 billing month. The parties agree that the Commission should authorize Consumers to implement a refund effective for the March 2017 billing month to refund the \$9,577,000 overrecovery, plus interest, as shown on Attachment A to the settlement agreement.

The parties further agree that Consumers should reconcile any residual balances associated with the self-implementation refund remaining after application of the refund in the March 2017 billing month using the residual balance mechanism approved by the Commission in Case No. U-18040.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Consumers Energy Company shall refund the principal amount of \$9,577,000, plus \$559,000 in interest, during the March 2017 billing month.
- C. Consumers Energy Company shall reconcile any residual balance associated with the self-implementation refund remaining after the March 2017 billing month using the residual balance mechanism approved in Case No. U-18040.
- D. Within 30 days, Consumers Energy Company shall file tariff sheets substantially similar to those in Attachment A to the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Court Rules' requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at [mpscdockets@michigan.gov](mailto:mpscdockets@michigan.gov) and to the Michigan Department of the Attorney General—Public Service Division at [pungpl@michigan.gov](mailto:pungpl@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General—Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

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Sally A. Talberg, Chairman

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Norman J. Saari, Commissioner

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Rachael A. Eubanks, Commissioner

By its action of November 22, 2016.

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Kavita Kale, Executive Secretary

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
CONSUMERS ENERGY COMPANY	)	Case No. U-18136
For approval of a refund related to	)	
Self-implementation of natural gas	)	
Distribution rates beginning	)	
January 14, 2016 and ending	)	
April 21, 2016.	)	
_____	)	

**SETTLEMENT AGREEMENT**

Pursuant to MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or the “Commission”), the undersigned parties agree as follows:

WHEREAS, On July 21, 2016, Consumers Energy Company (“Consumers Energy” or the “Company”) filed an Application for authority to issue refunds pursuant to MCL 460.6a(1) of amounts collected during the Company’s Case No. U-17882 self-implementation of gas rates implemented from January 14, 2016 through April 21, 2016. The Company filed testimony and exhibits in support of its position concurrently with its Application.

WHEREAS, the initial prehearing conference in this proceeding was held on October 19, 2016 before Administrative Law Judge Mark D. Eyster. The parties to the case are Consumers Energy and the MPSC Staff.

WHEREAS, Consumers Energy filed testimony and exhibits requesting a Commission finding that the total revenues collected during the self-implementation period exceed the total revenues that would have been produced by the rates approved in the April 21, 2016 Order in Case No. U-17882 by \$9,573,000. Consumers Energy’s testimony and exhibits

further request a Commission finding that interest on the over-collection is \$554,000 if refunded during the March 2017 billing month. Consumers Energy requested that the Commission approve negative surcharges as set forth in the Company's exhibits in order to refund the over-collection and interest.

NOW THEREFORE, for purposes of settlement of the self-implementation reconciliation in Case No. U-18136, the undersigned parties agree as follows:

1. The Commission should find that Consumers Energy collected total revenues during the self-implementation period from January 14, 2016 to April 21, 2016 that exceed the total revenues that would have been produced by the rates ordered in the April 21, 2016 Order in Case No. U-17882 by \$9,577,000 ("the over-collection").

2. The Commission should find that Consumers Energy is required to pay interest on the over-collection at a rate equal to 5% plus the applicable London Interbank Offered Rate, which the Commission should find to be \$559,000 if refunded during the March 2017 billing month.

3. The Commission should authorize Consumers Energy to implement negative surcharges effective for the March 2017 billing month as shown on Attachment A to this Settlement Agreement.

4. Consumers Energy shall reconcile any residual balances associated with the self-implementation refund remaining after application of the negative surcharges in the March 2017 billing month using the Residual Balance Mechanism approved by the Commission in Case No. U-18040.

5. The parties agree that the resolution of all issues reflected in the over-collection amount, plus interest, is non-precedential and all parties reserve the right to take different positions in future rate proceedings regarding all such issues.

6. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are, and shall be considered, privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

7. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of the self-implementation reconciliation in Case No. U-18136. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. The parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings, or appeals related thereto.

8. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any

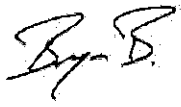
part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

9. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.

10. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement, if the Commission approves this Settlement Agreement without modification.

WHEREFORE, the undersigned parties respectfully request the Michigan Public Service Commission to approve this Settlement Agreement on an expeditious basis and to make it effective in accordance with its terms by final order.


**MICHIGAN PUBLIC SERVICE  
COMMISSION STAFF**

By:  Digitally signed by Bryan  
A. Brandenburg  
Date: 2016.11.03 16:42:30  
-04'00'

Bryan A. Brandenburg (P77216)  
Assistant Attorney General  
Public Service Division  
7109 West Saginaw Highway  
Post Office Box 30221  
Lansing, MI 48909

Date: 11/3/16

**CONSUMERS ENERGY COMPANY**

By:  Digitally signed by  
Kelly M. Hall  
Date: 2016.11.04  
09:37:06 -04'00'

Kelly M. Hall (P48083)  
Gary A. Gensch, Jr. (P66912)  
Attorneys for Consumers Energy Company  
One Energy Plaza  
Jackson, MI 49201

Date: 11/4/16



# **Attachment A**

Case No. U-18136 Settlement Surcharge

**MICHIGAN PUBLIC SERVICE COMMISSION**

CONSUMERS ENERGY COMPANY  
U-17882 Reconciliation of Self-Implemented Rate Increase

Calculation of Self-Implemented Rate Increase Refund Surcharge by Rate Schedule

Line	Description	(a) Principal (\$000)	Refund <sup>(1)</sup>	(b) Interest (\$000)	(c) Provisional Refund (\$000)	(d) March 2017 Forecasted Sales (MMcf)	(e) March 2017 Refund (d / c) (\$/Mcf)
<u>Residential</u>							
1	Rate Schedule A	\$ (9,312)	\$ (543)		\$ (9,856)	23,453	\$ (0.4202)
2	Rate Schedule A-1	(265)	(15)		(281)	919	\$ (0.3055)
3	Total Residential	(9,577)	(559)		(10,136)	24,372	
<u>General Service</u>							
4	Rate Schedule GS-1	-	-	-	-	4,037	\$ -
5	Rate Schedule GS-2	-	-	-	-	4,911	\$ -
6	Rate Schedule GS-3	-	-	-	-	1,309	\$ -
7	Total General Service	-	-	-	-	10,258	
<u>Transportation</u>							
8	Rate Schedule ST	-	-	-	-	2,232	\$ -
9	Rate Schedule LT	-	-	-	-	2,181	\$ -
10	Rate Schedule XLT	-	-	-	-	3,956	\$ -
11	Total Transportation	-	-	-	-	8,369	
12	Total Company <sup>(2)</sup>	\$ (9,577.238)	\$ (558.9704)	\$ (558.9704)	\$ (10,136.208)	43,000	

**Note**

(1) Refund and Interest based on Residential pro rata share of the overpayment

(2) Excludes outdoor lighting service

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**SURCHARGES**

<b><u>Rate Schedule</u></b>	<b><i>Reconciliation of Interim Rate Increase (Case No. U-17882) Effective for the March 2017 Billing Month</i></b>
Rate A	$$(0.4202)/Mcf$
Rate A-1	$$(0.3055)/Mcf$
Rate GS-1	NA
Rate GS-2	NA
Rate GS-3	NA
Rate GL	NA
Rate ST	NA
Rate LT	NA
Rate XLT	NA
Rate CC	<i>Per applicable distribution Rate Schedule</i>

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Issued XXXX XX, XXXX by  
Patti Poppe,  
President and Chief Executive Officer,  
Jackson, Michigan

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Effective for bills rendered on and after  
the March 2017 Billing Month

Issued under authority of the  
Michigan Public Service Commission  
dated XXXXX XX, XXXX  
in Case No. U-18136